

A less-than-joyful budget season set for Montgomery

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Montgomery County officials are preparing for a super-size and front-loaded budget season that is likely to dominate much of the county's political agenda through the fall, winter and into spring.

Even before Thanksgiving tables are cleared and Black Friday shoppers seize the season's best deals, officials in one of the nation's wealthiest counties are entering a period that promises to be less than joyous. Just six months from finishing their most-recent budget, Montgomery officials are preparing for a 10-week burst of activity meant to shake up old government habits before the county's next spending plan is crafted.

This week, Montgomery's Office of Legislative Oversight will formally present its diagnosis of what is driving the county's chronic budget problems. Officials briefed on the findings say they reflect what county officials already know - only more so: Soaring health, retirement and other compensation costs for government workers, combined with a drop-off in revenue, are threatening to starve crucial services for residents.

Two weeks later - and just a day after they are sworn in Dec. 6 - the county's mostly familiar cast of elected leaders will be greeted at their first council meeting with what some county employees might see as a Scrooge-worthy wish list.

Legislative analysts will detail steps the county could take to bring its generous salaries and benefits, and its high tax rates, into balance. Their catalog of options will target what the analysts call "a recurring annual mismatch between revenues and expenditures." Among the ideas being considered: rolling back health benefits, increasing pension costs for public employees and eliminating jobs.

"We can't sustain what we've been doing," said Del. Craig L. Rice (D-Upcounty), who will be one of two new faces on the nine-member council. The other is Silver Spring political organizer Hans Riemer (D-At Large).

Maintaining high-quality education, public safety and safety-net services will require "revamping some of the things that caused us to be in the predicament we're in," Rice said. "That boils down to pensions, benefits, salaries and all of the multiple positions we have that are sometimes duplicative."

On pensions, there must be "some sort of contribution from our employees that's greater than it is now," Rice said. At the same time, he has met with teachers union officials to talk about cutting administrative spending, saying there can be no "sacred cows."

Council member Phil Andrews (D-Gaithersburg-Rockville) said the months-long effort by legislative analysts will help make the case for change, particularly in the way pension and other benefits are distributed and paid for. "That's what's driving the deficit," Andrews said.

"The key is to demonstrate that other options are worse," Andrews said. The alternatives to limiting spending on benefits are increasing taxes or slashing vital government functions, he said.

The budding proposals have faced some push-back in Montgomery, which has long been friendly territory for public-employee unions.

In flush years, county officials increased salaries and benefits faster than their private-sector counterparts, leaving large costs. As the nation's economic downturn rolled on, raises were reduced and then eliminated. Thousands of county workers were furloughed this year, resulting in a de facto pay cut.

County and union negotiators have begun preliminary contract talks, and the process for making pension or other changes would be subject to the county's collective-bargaining laws.

"They want to change it so we pay less?" quipped John Sparks, head of Montgomery's firefighters union. "We're certainly hard-pressed to expect current employees to pay any more into their pensions than they are currently paying."

In negotiations, "everything gets put on the table," Sparks said. But given that employees have gone without raises, it will be "extremely difficult" to agree on pension changes.

Some county officials are counting on the power of sober analysis and detailed figures to jolt the way Montgomery manages billions of tax dollars.

But spending has been driven largely by politics, not a shortage of spreadsheets. It is politics as well that will determine whether this round of budget deliberations will lead to lasting solutions.

Sparring between council members and County Executive Isiah Leggett's administration already has begun.

Council Vice President Valerie Ervin (D-Silver Spring) offered a suggestion for the Leggett administration as it meets with union leaders: "Quit bargaining these agreements we can't pay for."

"The big decisions get made in the executive branch and then dumped on us. That's never been very clear to people," Ervin said. "At some point there's going to have to be some really tough conversations on the other side of the street because they're the ones in negotiations."

Leggett spokesman Patrick Lacefield said he is pleased that council members have come around. "The county executive has been showing leadership on this from the moment he took office," Lacefield said. "The County Council as a whole last year discovered that there was a problem."

Leggett (D) has taken a series of politically difficult steps, Lacefield said, including early advocacy for trimming teacher raises and aggressive moves on firefighter and police pay. Leggett also is entering negotiations this year assuming no raises, Lacefield said.

Council member Marc Elrich (D-At Large) said there has been a fundamental shift in county government. In good times, "You kept going along as if that was the way you would always be going along," he said. "What's changed now is we got rid of that."

Officials confronted reality, Elrich said. "There was no money. I think it finally sunk in that this recession was different than all other recessions," he said.

After the Office of Legislative Oversight completes its two-step rollout, county officials will confront their next challenge: In mid-December, Schools Superintendent Jerry D. Weast will propose his budget. Public schools account for the biggest piece of Montgomery's \$4.27 billion spending plan.

County officials say they are certain the schools will propose a large budget increase, despite the county's fiscal squeeze, in part because of state regulations governing education spending levels.

Also in December, Leggett will send the council tens of millions of dollars in proposed mid-year budget cuts. They are needed to fill holes left by a bigger-than-anticipated shortfall in revenue from the state and a failed bid to impose a local ambulance fee, among other issues.

By the end of January, a commission appointed by the council and Leggett will come back with recommendations on how to restructure government agencies to increase efficiency. By mid-March, Leggett will propose a new county budget, sparking additional rounds of debate. Then the council will be back voting on the budget in May.